



The 130th
Annual Report of
The Canada Life
Assurance Company

The family theme is beautifully illustrated by Eskimo dolls handcrafted in soapstone and caribou fur by Northwest Territories' artists Anna Attagotak from Pond Inlet and E. Akumalik from Arctic Bay.

This theme may suggest to us that although much is common among families there is also a great deal that is individual and unique. This individuality comes from the personalities of the family members as well as their lifestyles.

A knowledge of this fact is almost fundamental in our business. When we offer insurance protection for the family we can draw certain general conclusions as to needs. But it is also the responsibility of a Canada Life representative to see what is unique; to have the ability to look at a family's financial protection needs objectively, yet with empathy, and apply professional experience in offering solutions to meet those needs.

Our record of achievement over the past year would suggest that we are continuing to do this successfully for the growing "Family" of policyholders that we serve.

Being a mutual life insurance company, owned by our policyholders, results in a happy paradox that our attention to the individual provides greater security for all.

E. H. Crawford.

President

BOARD OF DIRECTORS

E. H. CRAWFORD <i>President</i>	A. H. LEMMON <i>Chairman of the Board</i>
J. G. HUNGERFORD, Q.C. <i>Chairman of the Executive Committee of the Board</i>	
BEVERLEY MATTHEWS, C.B.E., Q.C. <i>Vice-President of the Board</i> Partner McCarthy & McCarthy	DAVID W. BARR <i>Vice-President of the Board</i> Chairman of the Board Moore Corporation Limited
ARTHUR J. E. CHILD President and Chief Executive Officer Burns Foods Limited Calgary	E. JACQUES COURTOIS, Q.C. Courtois, Clarkson, Parsons & Tétrault Montreal
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L. EDWARD GRUBB Chairman and Chief Officer Inco Limited	RUSSELL E. HARRISON Chairman and Chief Executive Officer Canadian Imperial Bank of Commerce
J. D. LEITCH President Upper Lakes Shipping Limited	A. J. LITTLE, F.C.A. Toronto
JOHN L. McCARTHY Toronto	The Right Honourable LORD McFADZEAN, K.T. Honorary President British Insulated Callender's Cables Limited London, England
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C. E. RITCHIE Chairman and President The Bank of Nova Scotia	

MANAGEMENT OFFICERS

D. D. DENNIS, O.B.E. Senior Vice-President and General Manager, U.K. and Ireland	D. I. FRASER, F.L.M.I. Vice-President Administration and Secretary
J. C. MAYNARD, F.S.A., F.C.I.A. Vice-President and Chief Actuary	J. M. MUNRO Senior Vice-President and Director of Agencies
R. D. RADFORD, F.L.M.I. Vice-President and Treasurer	J. B. WALKER, F.S.A., F.C.I.A. Vice-President and Director, United States Division
W. B. WAUGH, F.S.A., F.C.I.A. Vice-President and Controller	

HONORARY DIRECTORS

A. C. ASHFORTH J. ROY GORDON	J. GORDON BEATTY, M.C. S. M. WEDD
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THE YEAR AT A GLANCE

Highlights of the Consolidated Annual Report	1976	1975
Payments under Policy Contracts	\$ 185,034,000	\$ 164,714,000
First Year Premiums on New Business including —	82,809,000	65,294,000
Ordinary Insurance	15,947,000	15,198,000
Group Insurance	10,571,000	9,666,000
Guaranteed Annuities	45,918,000	31,765,000
Variable Insurances and Annuities	10,373,000	8,665,000
Life Insurance and Annuities in Force	22,793,676,000	19,412,270,000
Assets	2,057,681,000	1,887,429,000
Net Rate of Interest Earned	7.82%	7.43%

CONSOLIDATED STATEMENT OF OPERATIONS

	1976	1975
We Received		
Gross premiums for insurances and guaranteed annuities	\$279,807,000	\$246,903,000
Less premium reductions (policy dividends) allotted	29,467,000	28,776,000
Net premiums	250,340,000	218,127,000
Amounts received for segregated annuity funds including group transfers	40,493,000	36,997,000
Net investment income	145,107,000	128,406,000
Profits on sales of assets (including in 1975 recovery of \$1,250,000 previously written off)	581,000	2,053,000
Increase in market value of assets held for variable insurances and segregated annuity funds	12,263,000	21,750,000
	\$448,784,000	\$407,333,000
We Paid or Set Aside for Future Payment		
To policyholders and beneficiaries:		
Death benefits	\$ 61,068,000	\$ 56,901,000
Disability benefits	25,484,000	18,945,000
Matured endowments	11,034,000	11,922,000
Annuities	30,724,000	27,581,000
Cash surrender options	43,436,000	39,896,000
Payments under segregated annuity funds	13,288,000	9,469,000
	185,034,000	164,714,000
Interest on amounts left on deposit	4,186,000	3,740,000
Increase in actuarial reserves (note 4.)	116,761,000	113,350,000
Expenses of administration, sales and service	64,264,000	58,671,000
Income, premium and sundry taxes	9,909,000	8,749,000
Amount written off assets	196,000	803,000
Loss on change in currency translation rates	364,000	—
Net increase in segregated annuity funds	60,897,000	51,180,000
Addition to general contingency reserve	3,000,000	3,000,000
Addition to surplus held as an additional protection for policyholders and beneficiaries	4,173,000	3,126,000
Balance at Dec. 31, 1976 \$78,657,000		
Balance at Dec. 31, 1975 \$74,484,000		
	\$448,784,000	\$407,333,000

(See accompanying notes)

CONSOLIDATED BALANCE SHEET
at December 31, 1976

Assets	1976	1975
Bonds:		
Government	\$ 154,628,000	\$ 145,979,000
Corporate	449,211,000	384,110,000
	603,839,000	530,089,000
Mortgage loans	607,480,000	593,634,000
Stocks:		
Preferred	27,456,000	28,052,000
Common	152,271,000	146,458,000
	179,727,000	174,510,000
Real Estate:		
Company premises	26,555,000	27,483,000
Held for investment	82,475,000	74,674,000
	109,030,000	102,157,000
Loans on policies	180,658,000	173,410,000
Cash and interest bearing deposits	21,214,000	21,119,000
Premiums in course of collection	13,610,000	15,172,000
Interest and rents due and accrued	25,608,000	23,000,000
Other assets	13,295,000	12,015,000
	1,754,461,000	1,645,106,000
Net assets of segregated annuity funds (note 3.(d))	303,220,000	242,323,000
	\$2,057,681,000	\$1,887,429,000

Liabilities and Surplus		
Actuarial reserves (note 4.)	\$1,481,729,000	\$1,395,461,000
Benefits in course of payment and provision for unreported claims	41,310,000	34,150,000
Policyholders' amounts left on deposit at interest	45,160,000	42,960,000
Provision for future premium reductions (policy dividends)	39,586,000	38,603,000
Miscellaneous liabilities (including unallocated amounts and provision for outstanding taxes and expenses)	33,019,000	27,448,000
General contingency reserve	35,000,000	32,000,000
Surplus held as an additional protection for policyholders and beneficiaries	78,657,000	74,484,000
	1,754,461,000	1,645,106,000
Funds held for segregated annuities	303,220,000	242,323,000
	\$2,057,681,000	\$1,887,429,000

(See accompanying notes)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1976

- Accounting Policy — The accounting practices followed by the Company are those prescribed or permitted by the Department of Insurance, Canada, as the Company is subject to regulation under the Canadian and British Insurance Companies Act which emphasizes solvency for the protection of policyholders. These financial statements consolidate the operating results and financial position of the Company's wholly owned subsidiaries.

- Currency Translation — Throughout these statements United States currency is included at the rate of \$1.00 Canadian to the U.S. dollar. British and Irish currencies are included at \$2.10 Canadian to the pound for 1976 (\$2.40 for 1975). As a result of the change in rate the Canadian dollar equivalent of assets and liabilities in pounds was reduced by approximately \$33,000,000. Effective January 1, 1977 the Company adopted a translation rate of \$1.70 Canadian to the pound. If current rates of exchange had been used in the 1976 balance sheet, prior to the application of the investment valuation allowance, assets and liabilities would have been reduced by approximately \$43,000,000 and there would have been no material change in the surplus as shown.
- Valuation of Assets

- (a) Assets held for the life insurance business are carried as follows: bonds at amortized cost, stocks at cost, mortgage loans at unpaid principal balance and real estate at cost less accumulated depreciation provided on the sinking fund basis. The carrying value of bonds at December 31, 1976 has been reduced by the investment valuation allowance of \$35,890,000 (\$35,553,000 in 1975). The adjusted carrying value of these assets, in total, is greater than the market values prescribed by the Department of Insurance, Canada, as at December 31, 1976 by \$1,300,000, provision for which is included in the general contingency reserve of \$35,000,000.
- (b) Assets held for the health insurance business are carried at market value for bonds and unpaid principal balance for mortgages as follows:

	1976	1975
Bonds:		
Government	\$ 2,331,000	\$ 3,559,000
Corporate	11,611,000	8,457,000
Mortgage loans	13,956,000	8,802,000
	\$27,898,000	\$20,818,000

- (c) Assets held for variable insurance contracts are included at market value as follows:

	1976	1975
Bonds:		
Government	\$ 1,239,000	\$ 1,309,000
Corporate	2,179,000	2,713,000
Common stocks	25,116,000	26,064,000
	\$28,534,000	\$30,086,000

- (d) Net assets held for variable segregated annuity contracts are carried at market value and are analyzed in the following schedule:

	1976	1975
Bonds:		
Government	\$ 11,477,000	\$ 4,443,000
Corporate	124,290,000	95,919,000
Mortgage loans	54,917,000	46,180,000
Stocks:		
Preferred	395,000	434,000
Common	107,589,000	90,818,000
Cash and interest bearing deposits		
net of sundry liabilities	254,000	1,112,000
Interest due and accrued	4,298,000	3,417,000
	\$303,220,000	\$242,323,000

- Actuarial Reserves — Actuarial reserves represent the amount required, in addition to future premiums and interest, to provide for future payments under insurances and guaranteed annuities. Reserves for annual premium life insurance and annuity contracts are determined on the net level premium method. Changes during the year are as follows:

	1976	1975
Balance, beginning of year	\$1,395,461,000	\$1,282,111,000
Set aside on new and existing business	115,248,000	95,823,000
Change due to fluctuations in the market value of assets held for variable insurances	(1,367,000)	14,027,000
Set aside for contingent payments	2,880,000	3,500,000
	116,761,000	113,350,000
Canadian dollar effect of the change in currency translation rates	(30,493,000)	—
Balance, end of year	\$1,481,729,000	\$1,395,461,000

- United States Assets — At December 31, 1976, assets included in the accompanying consolidated balance sheet held in trust by The Canada Life Assurance Company (exclusive of its subsidiaries) for the protection of its United States policyholders totalled more than \$233,000,000 which exceeded net liabilities to its United States policyholders at that date.

ACTUARY'S REPORT

To the Policyholders and Directors of
The Canada Life Assurance Company:

I have certified that the actuarial reserves exceed the reserves required by the Canadian and British Insurance Companies Act, and in my opinion, these reserves together with the other liabilities shown in the consolidated balance sheet at December 31, 1976, make good and sufficient provision for all unmatured obligations of the Companies under the terms of their policies.

Toronto, Canada J. C. Maynard, F.S.A., F.C.I.A.
February 9, 1977. Vice-President and Chief Actuary

AUDITORS' REPORT

To the Policyholders and Directors of
The Canada Life Assurance Company:

We have examined the consolidated balance sheet of The Canada Life Assurance Company as at December 31, 1976 and the consolidated statement of operations for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the actuarial reserves were determined and certified by the Company's Vice-President and Chief Actuary.

In our opinion, based on our examination and the certificate of the Vice-President and Chief Actuary, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1976 and the results of its operations for the year then ended, in accordance with accounting practices prescribed or permitted by the Department of Insurance, Canada.

Toronto, Canada Clarkson, Gordon & Co.
February 9, 1977. Chartered Accountants

Every holder of a Canada Life participating policy under which no premiums are due and unpaid is entitled to attend General Meetings of the Company and to vote in person or by proxy. The person named as proxy must himself be a policyholder entitled to vote at meetings of the Company, and to be valid proxy forms must be filed with the Secretary at the Head Office at least ten days before a meeting at which the proxy is to be used. A policyholder may revoke his proxy at any time. The Annual Meeting of The Canada Life Assurance Company is held at the Head Office of the Company on the first Thursday of March in each year.

You may receive more than one copy of this report if there are additional policies in force on members of your household. The cost of sorting out all duplications would far exceed material and postage costs.



Head Office, Toronto, Canada